

The following is a list of current interconnection, collocation and resale agreements entered into between the Frontier LECs and affiliated or unaffiliated third parties:

1. Resale Agreement between Global Crossing Local Services, Inc. and Frontier Communications of America, Inc.
2. Interconnection Agreement between Frontier Communications of Minnesota, Inc. and US West Communications, Inc. for Minnesota
3. Interconnection Agreement between Frontier Communications of Iowa, Inc. and CommChoice of Iowa, LLC
4. Frontier Telephone of Rochester Interconnection Agreement 2000 by and between Digital Broadband Communications, Inc. and Frontier Telephone of Rochester, Inc.
5. Frontier Telephone of Rochester Interconnection Agreement 1999 by and between PaeTec Communications, Inc. and Frontier Telephone of Rochester, Inc.
6. Frontier Telephone of Rochester Interconnection Agreement 1999 by and between AT&T Wireless Services, Inc. and Frontier Telephone of Rochester, Inc.
7. CMRS Interconnection Agreement by and between Sprint Spectrum L.P., d/b/a Sprint PCS, and Frontier Telephone of Rochester, Inc.
8. Frontier Telephone of Rochester Interconnection Agreement 1999 by and between Choice One Communications of New York, Inc. and Frontier Telephone of Rochester, Inc.
9. Frontier Telephone of Rochester Switched Access Meet Point Billing Agreement 1999 between Choice One Communications of New York, Inc. and Frontier Telephone of Rochester, Inc.
10. Frontier Telephone of Rochester Interconnection Agreement 1998 by and between Nextel of New York, Inc. and Frontier Telephone of Rochester, Inc.
11. Frontier Telephone of Rochester Interconnection Agreement 1998 by and between Genesee Telephone Company and Frontier Telephone of Rochester, Inc.
12. Frontier Telephone of Rochester Interconnection Agreement 1998 by and between Upstate Cellular Network, a New York general partnership, d.b.a. Frontier Cellular, and Frontier Telephone of Rochester, Inc.
13. Interconnection Agreement 1998 by and between Time Warner AxS of Rochester, L.P. and Frontier Telephone of Rochester Inc.
14. Frontier Communications of Georgia Interconnection Agreement 1999 by and between Hargray Wireless LLC and Frontier Communications of Georgia, Inc.
15. Frontier Communications of Georgia Interconnection Agreement 1999 by and between Bell South Personal Communications, Inc. for and on behalf of itself and on behalf of BellSouth Carolinas PCS, L.P. collectively doing

- business as BellSouth Mobility DCS, and Frontier Communications of Georgia, Inc.
16. CLEC/Frontier Communications of Iowa Interconnection Agreement 1999 by and between CommChoice of Iowa, LLC and Frontier Communications of Iowa, Inc.
 17. DTI/Frontier Communications of Minnesota Interconnection Agreement 1999 by and between Dakota Telcom, Inc and Frontier Communications of Minnesota, Inc.
 18. CLEC/Frontier Communications of Minnesota Interconnection Agreement 1998 by and between Crystal Communications, Inc. and Frontier Communications of Minnesota, Inc.
 19. CLEC/Frontier Communications of Iowa, Inc. Interconnection Agreement 1999 by and between Crystal Communications, Inc. and Frontier Communications of Iowa, Inc.
 20. Frontier Communications of New York Interconnection Agreement 1999 by and between Warwick Valley Telephone Company and Frontier Communications of New York, Inc.
 21. Interim Local Traffic Exchange Agreement by and between D&E Systems, Inc. d/b/a D&E Communications and Frontier Communications of Pennsylvania, Inc.
 22. CMRS Frontier Communications of Wisconsin, Inc. Interconnection Agreement 1998 by and between NEW-CELL Inc., and Frontier Communications of Wisconsin, Inc.
 23. PurePacket Communications, Inc. Request for Initiation of Interconnection Negotiations with Frontier Telephone of Rochester, Inc.
 24. Interim Local Meet Point Agreement by and between ACC National Telecomm Corp. and Frontier Telephone of Rochester, Inc.; terminated at the end of 12/31/99 but the parties still operate under the contract and are negotiating a new contract
 25. Collocation Agreement between Rochester Telephone Corporation and Time Warner AxS of Rochester, LP dated October 20, 1994
 26. Collocation Agreement between Frontier Communications of Iowa, Inc. and Crystal Communications, Inc.
 27. Collocation Agreement between Frontier Communications of Iowa, Inc. and CommChoice of Iowa, L.L.P.
 28. Master Collocation License Agreement between Frontier Telephone of Rochester, Inc. and Digital Broadband Communications, Inc., effective as of April 19, 2000
 29. Master Collocation License Agreement between Frontier Telephone of Rochester, Inc. and Choice One Communications of New York, Inc. effective as of January 27, 2000
 30. Lease Agreement (Rochester Switch) between Frontier Telephone of Rochester, Inc. and Rochester Telephone Mobile Communications, dated as of November 1, 1999

Various retention bonus opportunities will be made available to executive officers and key employees of the Frontier LEC Business. See Schedule to Section 2.8(b).

The following is a list of certain financial obligations of certain of the Companies or Company Subsidiaries:

1. Frontier Telephone of Rochester, Inc. 7.51% Medium Term Notes in the aggregate amount of \$40 million.
2. Vista Telephone Company of Minnesota, Inc. (now named Frontier Communications of Minnesota, Inc.) 7.61% Private Placement Notes in the aggregate amount of \$35 million.
3. RUS Loans at various Companies and Company Subsidiaries in an aggregate amount of approximately \$46.5 million. See Schedule 2.11.3 attached hereto.
4. Promissory Note dated July 6, 1993 from Highland Telephone Company (now named Frontier Communications of New York, Inc.) to Rochester Telephone Corporation (now named Global Crossing North America, Inc.) in the principal amount of \$3 million, plus interest at 6.5% from July 6, 1993, due and payable on July 6, 2003.
5. Promissory Note dated January 1, 1995 from Frontier Communications of New York, Inc. to Frontier Corporation (now named Global Crossing North America, Inc.) in the principal amount of \$5.9 million, plus interest at 8.4% from January 1, 1995, due and payable on January 1, 2005.
6. Promissory Note dated January 12, 1990 from Sylvan Lake Telephone Company, Inc. (now named Frontier Communications of Sylvan Lake, Inc.) to Rochester Telephone Corporation (now named Global Crossing North America, Inc.) in the principal amount of \$2.3 million, plus interest at 9.25% from January 12, 1990, due and payable on January 1, 2020.
7. Loan Agreement dated April 7, 2000 from Frontier Communications of Sylvan Lake, Inc. to Frontier Corporation (now named Global Crossing North America, Inc.) in the principal amount of \$2.4 million, plus interest at 8.4% from January 1, 1995, due and payable on January 1, 2005.
8. Loan Agreement dated April 7, 2000 from Global Crossing North American Networks, Inc. to Frontier Cellular of Alabama, Inc. in the principal amount of \$24,023,377 million, plus interest at 7.0% from January 31, 1997, due and payable on January 30, 2007. This Loan Agreement either will not be in existence as of the Closing Date or the right to receive loan repayments will be transferred, prior to the Closing Date, to an affiliate of Sellers which is neither a Company nor a Company Subsidiary.
9. In the normal and ordinary course of their business, intercompany advances are made from Sellers' subsidiaries to their parents. These amounts regularly fluctuate. As of May 31, 2000, approximately \$369,549,918 was advanced to Global Crossing North America, Inc. from the Companies and/or Company Subsidiaries.

Covenants not to compete:

- Frontier Telephone of Rochester and Roblen, Inc. (d/b/a Secrephone) entered into a noncompete agreement which will terminate on April 15, 2001 which provides that Frontier Telephone of Rochester will not enter the stand-alone answering service business in the Rochester market
- Frontier Telephone of Rochester and its affiliates have a noncompete agreement with ComExpo, Inc. which will terminate on June 15, 2002 which provides that such entities cannot sell or lease complex customer premises equipment ("CPE") as it was conducted by Frontier Network Systems prior to June 15, 1999 in Rochester, New York; Buffalo, New York; Syracuse, New York; Albany, New York; Highland, New York; Washington, D.C.; New York City, New York; Boston, Massachusetts; and Shelton, Connecticut; provided, however, that complex CPE does not include Centrex or similar network-based offerings.

Fairmount Cellular, Inc. owns a 25% interest in Georgia RSA 3.

The following cellular partnerships interests are held by Frontier Communications of DePue, Inc.:

Illinois Valley Cellular RSA 2-I Partnership (6.66% interest)
Illinois Valley Cellular RSA 2-II Partnership (6.66% interest)
Illinois Valley Cellular RSA 2-III Partnership (6.66% interest)

See also Schedules 2.11.1, 2.11.2., 2.11.3 and 2.14.

See also Schedule 2.7.1 for Contracts identified as material to be transferred to Buyer.

Schedule 2.11.1

MATERIAL CONTRACTS

The following contracts are material to the operation of the Frontier LEC Business. However, it is not always the case that a Company or a Company Subsidiary is a party to each of these contracts. Often, Sellers have entered into contractual relationships which benefit their subsidiaries and affiliates on an enterprise-wide basis. It may not be possible for the Frontier LEC Business to continue enjoying the benefits of such contracts following the Closing Date.

1. MIPS Based License Agreement between Frontier Information Technologies, Inc. and Computer Associates International, Inc. dated September 30, 1999
2. Master Software License Agreement between Software 2000, Inc. and Frontier Corporation dated June 29, 1995
3. Hyperion Software License Agreement between Hyperion Software Corporation and Frontier Corporation dated March 31, 1995
4. Corporate End User Software Order Form (with terms and conditions between Frontier Information Technologies and Netscape dated 5/29/98
5. Software License between NYNEX DPI Company and Rochester Telephone Corporation dated August 8, 1994
6. Software License and Services Agreement between Frontier Information Technologies, Inc. and Oracle Corp.
7. IBM Managed Hardware Services Agreement dated Oct. 10, 1998
8. Contract for Services between Frontier Communications Services, Inc. and Ambassador Communications, Inc. d/b/a Voice-Net dated April 7, 1998)
9. Master Services Agreement between Saville Systems US, Inc. and Frontier Communications of Rochester, Inc. dated September 15, 1994
10. Processing Services Agreement between Saville Systems US, Inc. and Frontier Communications of Rochester, Inc. dated September 15, 1994
11. Statement of Work 01 for Frontier Telephone of Rochester, Inc. by Bell Communications Research, Inc. dated December 22, 1998

12. Communications Data Group CABS License Agreement between Communications Data Group, Inc. and Rochester Telephone Corporation dated as of March 6, 1992
13. U.S. Intelco Networks, Inc. Master Service Agreement for the provision of SS-7 based services between U.S. Intelco Networks, Inc. and Frontier Telephone of Rochester, Inc., et al. dated October 5, 1993 and Modules thereto
14. Illuminet, Inc. Standard Terms and Conditions for the provision of SS-7 based services between Illuminet, Inc. and Frontier Telephone of Rochester, Inc., et al. effective as of December 29, 1997 and Modules thereto
15. Material Supply/Integrated Supply Agreement between Frontier Corporation and Anixter, Inc. dated January 1, 1999
16. Purchase Agreement between Fujitsu Network Communications, Inc. and Frontier Telephone of Rochester, Inc. dated January 1, 1999 for the purchase of network management software and hardware
17. General Agreement between Frontier Telephone of Rochester and Lucent Technologies, Inc.
18. Microsoft Select Enterprise Enrollment Agreement between Frontier Information Technologies, Inc. and Microsoft Corporation
19. Global Purchase Agreement between Frontier Communications International Inc. and Nortel Networks, Inc. effective January 1, 1999 for the purchase of telecommunications equipment
20. Master Directory Printing Agreement between Rochester Telephone Corporation and R.R. Donnelly & Sons Co. dated as of December 31, 1995
21. Purchase Agreement for Telecommunications Systems between Siemens Stromberg-Carlson and Frontier Communications-Midland, Inc. dated November 15, 1996
22. Directory Advertising Sales and Marketing Agreement between Frontier Corporation and L.M. Berry and Company dated July 9, 1998
23. Independent Contractor/Consultant Agreement between Frontier Corporation and Tridec Development Corporation dated May 14, 1998 for the provision of engineering database services.

Schedule 2.11.2

ADDITIONAL CONTRACTS ENTERPRISE

The following contracts do not fall within the definition of a Material Contract. It is not always the case that a Company or a Company Subsidiary is a party to each of these contracts. Often, Sellers have entered into contractual relationships which benefit their subsidiaries and affiliates on an enterprise-wide basis. It may not be possible for the Frontier LEC Business to continue enjoying the benefits of these contracts following the Closing Date.

1. Master Consulting and System Support Agreement between Access Data Consulting Corporation and Frontier Telephone of Rochester dated as of January 1, 2000
2. Software License Agreement between Cincom Systems, Inc. and Rochester Tel Information Services and Technologies, Inc. dated January 7, 1991
3. Master License Agreement between Systems Software Marketing, Inc. and Rochester Telephone Corporation dated March 5, 1990
4. Global License Program Foundation Agreement between Symantec Corporation et al. and Frontier Information Technologies dated 12/29/99
5. Individual Service Agreement between Frontier Corporation and Rochester Gas and Electric Corporation dated June 1, 1996
6. Agency Agreement between Mark Russell & Associates, Inc. and Frontier Corporation dated Oct. 10, 1997
7. U.S. End-User License Agreement for Proprietary between Electronic Data Systems Corporation and Frontier Information Technologies, Inc. dated June 30, 1998
8. Term Lease Master Agreement between Frontier Information Technologies, Inc. and IBM Credit Corp.

Schedule 2.11.3

ILEC Debt Summary

Medium Term Notes

Frontier Telephone of Rochester, Inc.	7.51% 3/27/1002	40,000,000
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Private Placement Notes

FC- of Minnesota, Inc.	7.61% 2/01/2003	35,000,000
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RUS Aggregated Loans (including RTB and FFB) 2.00%-9.00% 2000-2026

FC- of AuSable Valley, Inc.	-	-	3,701,259
FC- of Seneca-Gorham, Inc.	-	-	1,807,668
FC- of Breezewood, Inc.	-	-	2,181,507
FC- of Canton, Inc.	-	-	821,263
FC- of Oswayo River, Inc.	-	-	908,294
FC- of Alabama, Inc.	-	-	6,996,746
FC- of Lamar County, Inc.	-	-	2,329,272
FC- of the South, Inc.	-	-	8,722,057
FC- of Fairmount, Inc.	-	-	2,543,561
FC- of Mississippi, Inc.	-	-	6,295,008
FC- of Illinois, Inc.	-	-	806,575
FC- of Lakeside, Inc.	-	-	131,594
FC- - Midland, Inc.	-	-	1,085,418
FC- - Prairie, Inc.	-	-	52,778
FC- of Thorntown, Inc.	-	-	148,703
FC- of Mondovi, Inc.	-	-	1,316,757
FC- - St. Croix, Inc.	-	-	1,869,042
FC- of Viroqua, Inc.	-	-	285,522
FC- of Michigan, Inc.	-	-	<u>4,508,787</u>
Total RUS			46,511,811

Section 2.12

Permits and Licenses; Compliance with Law

The entities which constitute the Frontier LEC Business may not possess all local franchises, business licenses, street occupancy permits and the like to conduct their incumbent local exchange and/or cable television operations. It is believed that such franchise, licenses and/or permits could be obtained or reinstated and that the absence of such is not believed material to the Frontier LEC Business.

Certain of the individual microwave, paging and land mobile licenses held by a Company or a Company Subsidiary may lapse or have lapsed due to inactivity with respect to the frequencies or other incidental noncompliance with FCC rules and regulations. It is believed that, to the extent that this may have occurred, these licenses may be reinstated or other noncompliance may be cured.

See the Schedule to Section 2.13.

Section 2.13

Environmental Matters

1. Materials associated with motor vehicle service center operations were discharged through a trench-type floor drain into a storm water drainage ditch at the 3441 West Henrietta Road leased facility. The contaminated soils were excavated and disposed as part of a remediation project undertaken by an environmental engineering firm on behalf of Sellers in 1995.
2. Underground Storage Tanks (USTs) were removed from Sellers' facilities from the late 1980's through 1997. In the following locations, hazardous materials were released from the tanks, and remediation efforts were undertaken as part of the tank removals: Ashton, Corning and Early, Iowa in 1997; Fairmont, Rosemount and Okabena, Minnesota in 1997; New Holland, Pennsylvania in 1990; West Henrietta Road, Rochester, New York in 1990; and Union Street and Whitney Road sites in Rochester, New York in 1989. In Atmore, Alabama, an underground storage tank was removed in 1991 and the State Agency is requesting monitoring wells. In Vredenber and Thomaston, Alabama, two (approximately) 75 gallon USTs were removed in 1991 with indications of minor leakage, and no remediation.
3. Gasoline has been detected in the soil and groundwater at the Union Street garage facility, in Rochester, New York. A leaking oil / water separator has also resulted in a release of waste oil to the environment. Sellers have recently completed preliminary soil and ground water testing and are about to commence an evaluation of possible remediation response alternatives.
4. It is standard in the local telephone company industry to treat telephone poles with creosote or some other preservative material. Although Sellers have no specific knowledge of any release of this material to the environment, it is possible that a release may have occurred at the location of individual poles or at pole yards. Sellers never treated the poles, as this was done at the manufacturer's site.
5. Sellers operate fleet vehicles that periodically release gasoline or hydraulic fluids to the environment in the event of a tank or hose malfunction. It has been the practice of Sellers to have an environmental cleanup company respond to these incidents.
6. In accordance with the Superfund Amendments and Reauthorization Act of 1986 (SARA) Title III, Sections 311 and 312, all filings for Sellers have been completed for the past three years (Reporting years 1997, 1998 and 1999) with the exception of Frontier Communications of Michigan. Filings for SARA Title III in Michigan were not submitted for reporting years 1997 and 1998, but will be completed and submitted to the respective SERCs/LEPC's by week ending July 14, 2000.

7. Fleet Service Operations are or have been conducted at Mt. Morris, Whitney Road, Union Street and West Henrietta Road garages in Western, New York. Although Sellers have no specific knowledge of such occurrences, incidental releases to the environment may have occurred at these sites.
8. Sellers, Companies and Company Subsidiaries have not treated obsolete computer equipment as a hazardous material for disposal purposes.

Section 2.14

Employee Benefit Matters

1. Change of Control Severance Plan for Salary Band Levels 25 and Above Maintained by GCNA
2. Global Crossing Ltd. Stock Incentive Plan
3. Human Resources Bulletin (11/97)
4. Human Resources Bulletin (3/97)
5. Bargaining Unit Employees' Retirement Savings Plan
6. Craft Pension Plan - I
7. CWA AFL-CIO Local 1170 Retirement Plan
8. CWA Adoption Assistance Plan
9. CWA Family Care Leave Plan
10. CWA Termination and Separation Allowance Policy
11. Craft Pension Plan - II
12. Craft - II Termination and Separation Allowance Policy
13. Trust Agreement Under the Deferred Compensation Plan for Executive Salaries, Plan for the Deferral of Officer and Department Head Bonuses
14. Plan for the Deferral of Directors' Fees
15. Directors' Common Stock Deferred Growth Plan
16. Directors' Stock Incentive Plan
 - Non-Qualified Stock Option Agreement
 - Stock Award Agreement
17. Educational Assistance Fund
18. Educational Assistance Program
19. Employee Assistance Program
20. Global Crossing Employees' Stock Option Plan/Frontier Corp. Employees' Stock Option Plan
 - Non-Qualified Stock Option Agreement
21. Employees' Retirement Savings Plan
22. Extraordinary Medical Expense Plan
23. Frontier Corporation Management Stock Incentive Plan
 - Restricted Stock Agreement
 - Non-Qualified Stock Option Agreement
 - Incentive Stock Option Agreement
24. Non-Union Severance Policy
25. Frontier Omnibus Incentive Plan
26. Frontier Corporation Plan for Welfare Benefit Policies
27. Pension Plan for Non-Bargaining Employees
28. Pre-Tax Parking / Mass Transit Benefit
29. Paid Time Off (PTO)
30. RTWA Adoption Assistance Plan
31. RTWA Family Care Leave Plan
32. Share Builder Plan (payroll deduction feature)
33. Supplemental Management Pension Plan
34. Supplemental Retirement Savings Plan

35. Telecommunications Benefit Program
36. Frontier Tel Flex Plan (includes medical, dental, vision, life insurance, flexible spending accounts, short and long term disability, AD&D)
37. Adoption Financial Support Program
38. AYCO Survivor Support Program
39. Employee Referral Program
40. Vision in Action Program
41. Executive Development Program
42. Frontier Executive Compensation and Perquisite Program
43. Frontier Salary Treatment and Bonus Program
44. Frontier Sales Incentive Programs
45. Parking Allowance
46. Travel Insurance
47. Frontier Communications of Minnesota, Inc. Retirement Pension Plan for Bargaining Unit Employees
48. Frontier Communications of New York, Inc. Craft Employee Benefit and Retirement Plan
49. Frontier Communications of Sylvan Lake, Inc. Craft Retirement Plan
50. Frontier Communications of Minnesota, Inc. & Frontier Communications of Iowa, Inc. - VEBA's Bargaining and Non-Bargaining

The CWA AFL-CIO Local 1170 Retirement Plan was established as a defined contribution plan on December 30, 1998. CWA Local 1170 and Frontier LEC management continue to discuss alternative plan designs and administration for the plan. Consequently, plan account statements have not been sent to participants.

Section 2.15

Labor Relations

The labor organizations recognized as representing the employees of the Frontier LEC Business are:

LOCATION	UNION	CONTRACT TERM	NO. OF MEMBERS
Frontier Communications of AuSable Valley, Inc.	Local 2176 International Brotherhood of Electrical Workers (IBEW)	05/11/98-05/10/02	10
Frontier Communications of Iowa, Inc.	Local 7171 Communicaitons Workers of America (CWA)	06/01/00-05/31/03	69
Frontier Communications of Lakeside, Midland, Illinois, Mt. Pulaski and Prairie	Local 51 International Brotherhood of Electrical Workers (IBEW)	12/18/97-02/28/01	18
Frontier Communications of Michigan, Inc.	Local 1106 International Brotherhood of Electircal Workers (IBEW)	10/05/97-10/07/00	17
Frontier Communications of Minnesota, Inc.	Local 7270 Communications Workers of America (CWA)	06/01/00-05/31/03	240
Frontier Communications of New York, Inc.	Local 503 International Brotherhood of Electrical Workers (IBEW)	02/14/97-01/31/01	176
Frontier Communications of Sylvan Lake, Inc.	Local 320 International Brotherhood of Electrical Workers (IBEW)	11/10/97-01/31/01	13
Frontier Telephone of Rochester, Inc.	Local 1170 Communications Workers of America (CWA)	12/14/98-01/31/02	821
Frontier Telephone of Rochester, Inc.	Rochester Telephone Workers Association	01/26/00-02/28/03	642

All of the Frontier LEC collective bargaining agreements contain a successorship clause which requires the Buyer to assume the respective agreements and maintain all of the terms and conditions contained therein. Written notice to the Unions of the Buyer's acceptance is required thirty (30) days prior to the Closing Date.

Local 1170 CWA of Rochester, New York and Global Crossing North America, Inc. entered into a Partnership for Progress Agreement dated June 3, 1993. This Partnership for Progress Agreement contains commitments between the CWA and Global Crossing North America, Inc. with respect to employment security, successorship, arbitration and

union affiliation. This Partnership for Progress Agreement supplements the Local 1170 collective bargaining agreement.

(iii) Pending Unfair Labor Practice Charges: On April 8, 1996 FTR (Formerly Rochester Telephone Corp.) declared impasse and unilaterally implemented its final contract offer with respect to the contract negotiations with Local 1170 of the Communications Workers of America in Rochester, New York. In response, CWA Local 1170 filed four unfair labor practice charges against FTR. On June 28, 1996 the Regional Director of Region 3 of the NLRB dismissed two bargaining related charges, i.e., charges related to bargaining in bad faith and surface bargaining. (The other two charges dealt with the use of contractors and with an information request. The charge involving the contractors was dismissed by the Regional Director and affirmed by the General Counsel. The other charge was not related to the bargaining issues and was resolved between the parties.)

On appeal, the General Counsel affirmed the dismissal of the bad faith and surface bargaining charge, but directed that a Complaint issue on the question of impasse. The case, (NLRB Case No. 3-CA-2004-2) was tried before ALJ Robert T. Snyder in May and June 1997. On October 30, 1998, ALJ Snyder issued his Decision and Order dismissing the Complaint. Exceptions have been filed to the Decision by both the Counsel for General Counsel and the Union. FTR filed cross exceptions in March 1999. This matter is currently awaiting decision by the National Labor Relations Board.

Despite the pending appeal of the decision to declare impasse, the parties have reached two successive negotiated collective bargaining agreements. The current agreement does not expire until January 31, 2002. As a result, any potential exposure to the Company is limited to a fixed period of time should the Board reverse the ALJ's decision.

(iv) Compliance with all Laws and Government Orders: Currently, Sellers are in the process of completing a Cultural/Diversity audit and employment practices review. It is anticipated that recommendations to amend or supplement existing employment practices and procedures will be contained in the issued report, and if so, management will act in connection with such recommendations as it deems appropriate.

Section 2.16

Intellectual Property

Certain trademarks are currently held by Sellers. At Closing Sellers will transfer to the Companies or Company Subsidiaries or Buyer trademarks which use the word "Frontier" with exception of "Frontier GlobalCenter", "Frontier Optronics Network" and "Internet at Frontier." Sellers will transfer the mark "Orange County Insights." No additional marks owned by the Sellers will be transferred to the Companies or Company Subsidiaries whether or not other marks currently used by the Frontier LEC Business are required for the business' continued operations, nor is any representation made that Sellers will transfer any additional required marks since they may be also shared by other of Sellers' companies.

See Schedule to Section 2.9.

Section 2.17

Taxes

The IRS began field work on audits of the 1996 and 1997 returns on Wednesday July 5, 2000. No issues have been identified at the present time.

A Company Subsidiary previously held a cellular partnership interest in Wisconsin RSA #8 Limited Partnership. This partnership interest was sold in 1998. The Wisconsin RSA #8 is under an IRS audit of its 1996 tax return.

Sellers are contesting a forced deconsolidation in Indiana. The amount in dispute is \$4,923.

Sellers record tax reserves on a consolidated basis. The Sellers represent that the closing balance sheet will record all material tax reserves on the Frontier LEC Business in accordance with GAAP.

Sales and Use Tax Audits:

Frontier Communications of Fairmount: Sales and use tax audit for period October, 1996 through September, 1999. Audit in progress, no issues are identified yet.

Frontier Communications of Minnesota : Sales and use tax audit for period July, 1995 through May, 1997. Audit scheduled to begin September, 2000.

Frontier Communications of Seneca-Gorham: Sales and use tax audit for period September, 1996 through August, 1999. Audit not yet scheduled to begin.

Frontier Telephone of Rochester: Sales and use tax audit for period January, 1995 through February, 1999. Audit in progress, no issues identified yet.

State Income Tax

A portion of the Frontier LEC Business is currently under audit in New York State for the period 1995 through 1998. Sellers do not know the potential liabilities.

Property Tax

Sellers have filed a complaint with the New York State Board of Real Property Services requesting a 50% reduction in the tentative assessment for Special Franchise Property in the City of Rochester.

Various Frontier LECs hold, or have held, minority interests in partnerships that are subject to TEFRA audits. To the best of Sellers' knowledge, the following audits/appeals may be open:

1. GTE Mobilenet of Fort Wayne (FC of Indiana, partner) -- 1993/1994
2. Georgia RSA #3 LP (Fairmount Cellular, partner) -- 1991 thru 1997
3. Georgia RSA #1 LP (Fairmount Cellular, partner) -- 1991 thru 1994
4. Georgia RSA #8 LP (Statesboro Cellular, partner) -- 1994 thru 1996
5. Illinois Independent RSA #3 GP (OT Cellular, partner) -- 1993/1994
6. Des Moines MSA GP (Schuyler Telephone, partner) -- 1992/1993

Certain tax returns due by certain Companies and Company Subsidiaries may not have been timely filed, but these are not material to the Frontier LEC Business taken as a whole.

Sellers are currently contesting real property assessments in a number of locations in New York State and elsewhere. These assessments have been paid and refunds are currently being sought through the appropriate appeals or litigation process. Refunds received after Closing related to any overpayments allocated to the Frontier LEC Business will become the property of the Buyer.

The Sellers have entered (or plan to enter into) the following affiliate transactions which, other than agreements among and terminable by the Sellers, are expected to continue after the Closing Date:

Provisioning and dial tone services provided by the Minnesota Frontier LEC to Sellers' Competitive LEC and long distance entities.

CABS (Carrier Access Billing System) billing services provided by the Minnesota and New York Frontier LECs to Sellers' Competitive LEC entity.

Wholesale contract between Sellers and Frontier Communications of America (FCA), part of the Frontier LEC business, covering services to be resold by FCA.

Accounting Instruction No. 1, which provides for allocations of the costs of centrally provided services to the New York Frontier LEC business entities by their affiliates, predominantly from the holding company level.

Market development work for 911 information feed for Sellers' CLEC operations.

Billing integrity services provided to Sellers' CLEC operations.

Billing and collection and customer service arrangements between FCA and Sellers, which will provide for Sellers to perform billing and collection and customer services for long distance customers to be sold by an affiliate of Seller to FCA but will require such customer to be billed and served from Seller billing and customer service platforms that are not part of the Frontier LEC business.

In addition to the affiliate transactions described above, certain affiliates of FTR lease space in certain of FTR's central office buildings or on FTR-owned towers and rooftops for the placement of transmission, switching and related equipment.

See also the financial obligation contracts disclosed at Section 2.11.

1. Agreement for the Provision of Billing and Collection Services (G2 Customers) between Frontier Communications of Rochester, Inc. and Rochester Telephone Corp., and Amendment to G2 Billing and Collection Agreement. G2 Customers are Frontier Communications of Rochester Centrex customers temporarily billed by RTC pending transfer to Frontier's billing system. The contract provides for billing and collection services from RTC. The amendment includes Frontier Communications International toll messages on RTC bills for G2 customers.
2. Agreement for the Provision of Repair Answer Services between Frontier Communications of Rochester, Inc. and Rochester Telephone Corp. This contract provides for

RTC to answer after-hours repair calls from customers of Frontier Communications of Rochester.

3. Toll Clearinghouse Agreement (Type B) between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. This contract sets up a Clearinghouse under which RTC purchases messages from long distance and local exchange carriers (Type A arrangements) and sells them to local exchange carriers (Type B arrangements). This Clearinghouse is one alternative to allow billing where it becomes convoluted and difficult, e.g., an FCR customer accepts a collect intraLATA toll call from a Time Warner customer with an RTC ported number; an FCR customer accepts a collect interLATA toll call made over the facilities of a long distance carrier other than the customer's presubscribed carrier. The originating carrier may know only that the terminating number is an RTC number, not that the customer is served by FCR. This type of Clearinghouse requires originating carriers to sign Type A arrangements and the billing carriers to sign Type B arrangements.

4. Agreement for the Provision of Data Collection Services between Frontier Communications of Rochester, Inc. and Rochester Telephone Corp. Under this contract, FCR establishes customer profiles for RTC using RTC data as well as data from other affiliates. All data are treated as RTC data, and no Frontier personnel are allowed access except to perform the contract.

5. Calling Card Information Services Supplement to Operating Agreement for the Provision of Billing and Collection Services between Frontier Communications International Inc. and Rochester Telephone Corp. Under this contract, when RTC issues a calling card with which a customer may make FCI calls using an FCI "800" number, RTC provides FCI with the customer's billing name and address, billing telephone number and card PIN number.

6. Agreement for the Provision of Credit Application Services between Frontier Communications International Inc. and Rochester Telephone Corp., and a similar agreement with Frontier Communications of Rochester, Inc. Under these contracts, RTC verifies FCI or FCR customer names and addresses at the affiliate's request. RTC will notify FCI or FCR on a yes or no basis whether the investigation indicates fraud or unpaid claims but provides FCI or FCR no detailed information or credit history.

7. Agreement for the Provision of Customer Service Representatives between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. This is a restatement of the "rent-a-rep" agreement filed 1/30/95. The terms and conditions for work assignments and payment are simplified.

8. Facilities Agreement between Frontier Communications of Rochester, Inc. and Rochester Telephone Corp. This contract is a sublease of a portion of FCR's Frontier stores to give RTC space for an RTC customer service representative to take orders and payments for RTC services.

9. Agreement for the Provision of Credit and Collection Services between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. This contract is an expansion

of the "rent-a-rep" contract filed 1/30/95 to include customer service representatives to perform credit and collection work for FCR.

10. Supplement to Toll Clearinghouse Agreement (Type A) between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. The contract provides for RTC to rate all "0+" intraLATA operator service messages that originate from FCR's end users served by resold RTC facilities and pass the rating to FCR's billing system in a mutually agreeable format.

11. Services Agreement between Frontier Communications of Rochester, Inc. and Rochester Telephone Corp. The contract provides general terms and conditions for the provision of local telephone, Centrex, Centrex Management System and Special Facilities and Equipment services by RTC to FCR.

12. Agreement for the Provision of Network Monitoring Services between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. The contract states prices, terms and conditions for the provision of network monitoring services for Off Track Betting's Newbridge network by RTC to FCR.

13. Amendment Number One to Lease Between Rochester Telephone Corp. and Rochester Telephone Mobile Communications. The contract provides price, terms and conditions for the extension of a ten year lease covering a cellular tower site, originally effective as of July 1, 1986.

14. Amendment to Billing and Collection Services Agreements Between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. The contract revises the calculation of estimated actual uncollectibles applicable to FCR customers billed by RTC to make the calculation consistent with that used for interexchange carriers for which RTC performs billing and collection services.

15. Agreement for the Provision of Call Center Services Between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. The contract establishes prices, terms and conditions for call center services (including customer service, billing inquiries, provisioning and implementer service) provided by RTC to FCR.

16. Agreement for the Provision of Local Usage Detail Elimination Between Rochester Telephone Corp. and Frontier Communications of Rochester, Inc. The contract establishes prices, terms and conditions for the elimination of local usage detail on RTC's daily detailed billings to FCR with respect to customer accounts specified by FCR.

17. Indemnification Agreement between Rochester Telephone Mobile Communications and Rochester Telephone Corp. The contract requires RTC to perform all tenant's obligations under a lease, originally between Pioneer Properties Company of Rochester as landlord and RTMC as tenant, that RTMC assigned to RTC. The leased premises are office space now being used by RTC.

18. Provisioning Services Agreement between Frontier Communications of New York, Inc., Frontier Communications International Inc. and Frontier Telemanagement Inc. The contract establishes terms, conditions and pricing for FCNY to provide order processing, coordination, provisioning and customer services for FCI's and FTI's competitive local exchange carrier activities in a number of states other than New York.
19. Provisioning and Engineering Services Agreement between Frontier Communications of New York, Inc. and Frontier Local Services Inc. The contract establishes terms, conditions and pricing for FCNY to provide order processing, coordination, provisioning, data processing, network engineering, host switching and customer services for FLS's competitive local exchange carrier activities in New York City.
20. Regional Telephone Company and Frontier Communications Services Inc. Sales and Marketing Services Agreement. The contract establishes terms, conditions and pricing for Frontier Communications of AuSable Valley, Inc., Frontier Communications of Seneca-Gorham, Inc., Frontier Communications of Sylvan Lake, Inc. and Frontier Communications of New York, Inc. to market FCSI's interexchange telephone services.
21. Amended Agreement for the Provision of Repair Answer Services between Frontier Communications of Rochester and Rochester Telephone Corp. (now Frontier Telephone of Rochester, Inc.). The contract restates the terms, conditions and pricing for FTR to answer and respond to after-hours repair calls from FCR's customers.
22. Agreement for the Provision of Telecommunications Services by Rochester Telephone Corp. The contract establishes terms, conditions and pricing for provision of directory assistance and directory assistance call completion services by FTR to Upstate Cellular Network (Frontier Cellular).
23. Provisioning Services Agreements between Rochester Telephone Corp. and Frontier Telemanagement Inc. The contracts establish terms, conditions and pricing for FTR to provide order processing, coordination and provisioning services for FTI's competitive local exchange carrier activities in a number of states other than New York State.
24. Agreement for the Provision of Telecommunications Services by Rochester Telephone Corp. The contract establishes terms, conditions and pricing for FTR to provide operator, directory assistance and directory assistance call completion services to Frontier Local Services, Inc., for areas outside of FTR's service area.
25. Pole Attachment Agreement by and between Frontier Telephone of Rochester, Inc. and Frontier Communications of Rochester, Inc. The contract establishes terms, conditions and pricing for FCR to attach telecommunications facilities to FTR's telephone poles.
26. CARE Clearinghouse Agreement between Frontier Telephone of Rochester, Inc. and Frontier Communications Services Inc. The contract establishes terms, conditions and pricing

for FTR to handle Billing Name and Address requests from interexchange carriers to FCS's Competitive Local Exchange Carrier operations.

27. Agreement for the Provision of Advertising Billing Service between Frontier Communications of Rochester, Inc. and Frontier Telephone of Rochester, Inc. The contract establishes terms, conditions and pricing for FCR to bill and collect directory advertising charges on behalf of FTR from FCR's customers advertising in FTR's directories.

28. Agreement for the Provision of Telecommunications Services between Frontier Telephone of Rochester, Inc. and Frontier Communications Services Inc. The contract establishes terms, conditions and pricing for FTR to provide directory assistance services to FCSI.

29. Interconnection Agreement between Frontier Telephone of Rochester, Inc. and Upstate Cellular Network (Frontier Cellular). This interconnection agreement pursuant to the Telecommunications Act of 1996 was filed with the Public Service Commission and approved by order issued October 8, 1998 in Case 98-C-1044.

30. Underground Conduit Agreement between Frontier Telephone of Rochester, Inc. and Frontier Communications of Rochester, Inc. The contract establishes terms, conditions and pricing for FCR to occupy space in FTR's conduit systems.

31. Lease between Frontier Telephone of Rochester, Inc. and Rochester Telephone Mobile Communications. The lease establishes terms, conditions and pricing for RTMC to occupy space for cellular communications equipment on and alongside a tower in the Village of Caledonia, Livingston County, New York.

32. Agreement for the Provision of Call Center Services between Frontier Telephone of Rochester, Inc. and Frontier Communications International, Inc. The contract establishes terms, conditions and pricing for FTR to provide call center services for the purpose of provisioning services for FCI's end users.

33. Cellular Agreement and Paging Services Agreement between Upstate Cellular Network (Frontier Cellular) and Frontier Telephone of Rochester, Inc. These contracts establish the terms, conditions and pricing for cellular and paging services provided by Frontier Cellular to FTR.

34. Facilities and Maintenance Agreement between FTR and Upstate Cellular Network. The contract provides prices, terms and conditions for DS-3 communications service between UCN's location at 133 Calkins Road, Rochester, NY and the interface between UCN and FTR at FTR's Plymouth CO, and associated terminal equipment.

35. Sales and Marketing Services Agreement between Frontier Communications of New York, Sylvan Lake, AuSable Valley and Seneca-Gorham and Frontier Communications Services Inc. The contract provides prices, terms and conditions for the Frontier incumbent local exchange carriers to sell the long distance services of Frontier Communications Services Inc.

36. Provision of Billing and Collection Services between Frontier Telephone Companies and Frontier Communications Services Inc. The contract amends the previous billing and collection agreement and provides new prices, terms and conditions for billing and collection services provided by Frontier Communications of New York, Sylvan Lake, AuSable Valley and Seneca-Gorham to Frontier Communications Services Inc.
37. Agreement for the Resale of Internet Services between Frontier Communications of Rochester, Inc. and Frontier Telephone of Rochester, Inc. The contract provides prices, terms and conditions for FCR's resale of FTR's Internet services.
38. Agreement for the Provision of Software between Frontier Telephone of Rochester, Inc. and Frontier Communications Services Inc. The contract provides prices, terms and conditions for the license of software by FTR to FCSI that converts the format of AMA data with respect to FCSI's operator services calls.
39. Agreement for the Provision of Voice Mail Services between Frontier Communications Services Inc. and Frontier Telephone of Rochester, Inc. The contract provides prices, terms and conditions for the provision of voice mail services by FCSI to FTR.
40. Revised Addendum to Agreement for the Provision of Telecommunications Services by Rochester Telephone Corp. (now Frontier Telephone of Rochester, Inc.). This Revised Addendum to the 1997 Agreement changes the pricing for directory assistance and directory assistance call completion services provided by FTR to Upstate Cellular Network.

Section 2.20 Telephone Operations

Section 2.20(g) Rate Reductions or Moratorium
and (h)

There are a number of federal and state regulatory initiatives that require or may require reductions in rates or preclude the filing of requests to increase rates. The major ones are:

The FCC's adoption of the CALLS initiative;

State Alternative Form of Regulation plans that are company-specific: Minnesota, Wisconsin, Iowa, Pennsylvania and New York;

The Rochester Open Market Plan and any amendments or extensions thereto;

Illinois order approving the 1999 Global Crossing/Frontier merger.

In addition, a number of state regulatory initiatives have or may restrict the Sellers' ability to dividend or otherwise flow cash to the parent company. These include, but are not necessarily limited to:

State Alternative Form of Regulation plans that are currently in effect or may be up for renegotiations;

Cash management arrangements that are in effect for the Frontier New York and Illinois LECs;

The Rochester Open Market Plan or other extensions or renewals thereof;

Iowa and Illinois orders approving the 1999 Global Crossing / Frontier merger.

In addition, the terms of the RUS or RTB loans may restrict the issuance of dividends. A loan for the Minnesota properties may also restrict the issuance of dividends.

Schedule 2.20(i) Improvements Required by Governmental Authorities

There are a number of federal and state regulatory initiatives that will require the Company or Company Subsidiaries to make upgrades, enhancements or changes to physical plant. These include, but are not necessarily limited to:

State Alternative Form of Regulation plans that may be company-specific;

The Rochester Open Market Plan and restated orders and any amendments of or extensions thereto (including requirements that Frontier Telephone of Rochester,

Inc. deploy a flow-through Operational Support System ("OSS") and deload loops of less than 18,000 feet in length among others);

State or company specific service standards requirements;

Certain orders approving the 1999 Global Crossing/Frontier merger;

The FCC's Truth-in Billing Orders any similar state orders or initiatives;

The FCC's Slamming Orders and any similar state slamming, cramming, and related initiatives;

Orders, regulations or requirements emanating from the Carrier Assistance to Law Enforcement Act;

The FCC's Wireless E911 Orders;

The FCC's Local Number Portability Number Orders;

The FCC's Unbundled Network Elements and Collocation Orders.

Schedule 2.20(j) Access Lines

Attached hereto is the May 2000 Access Line Count Report for the Frontier LECs. See Schedule 2.20.1.

Telephone Operations – May 2000 Access Lines by Segment

May 2000

YTD Growth

	Basic							Basic						
	Res	Business	Centrex	PBX/T1	Coin	WATS	Total	Res	Business	Centrex	PBX/T1	Coin	WATS	Total
Alabama														
of Alabama	10,750	1,580	780	221	139	2	13,472	237	-10	21	0	-1	0	247
of Lamar County	2,111	294	0	19	15	0	2,439	44	-2	0	0	0	0	42
of the South-AL	9,075	1,837	180	176	167	0	11,435	217	-24	-25	11	-3	0	176
of Alabama	21,936	3,711	960	416	321	2	27,346	498	-36	-4	11	-4	0	465
Florida														
of the South-FL	4,219	345	8	3	24	0	4,599	117	12	0	0	-1	0	128
of Florida	4,219	345	8	3	24	0	4,599	117	12	0	0	-1	0	128
Georgia														
of Fairmount	2,330	266	0	12	23	5	2,636	153	11	0	0	3	0	167
of Georgia	12,845	5,882	5,341	244	374	15	24,701	-442	152	63	3	-2	0	-226
of Georgia	15,175	6,148	5,341	256	397	20	27,337	-289	163	63	3	1	0	-69
Iowa														
of Iowa	42,584	12,834	3,159	1,204	243	9	60,033	548	135	55	-7	4	0	735
of Schuyler-IA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of Iowa	42,584	12,834	3,159	1,204	243	9	60,033	548	135	55	-7	4	0	735
Illinois														
of Depue	733	83	0	0	9	0	825	6	-26	0	0	0	0	-20
of Illinois	4,186	571	65	384	18	0	5,224	23	14	3	96	0	0	136
of Lakeside	749	132	10	0	17	0	908	11	7	0	0	0	0	18
of Midland	4,203	394	15	120	22	0	4,754	57	25	0	24	0	0	106
of Mt. Pulaski	1,603	346	121	0	4	0	2,074	8	13	0	0	0	0	21
of Orion	1,647	400	0	0	7	0	2,054	18	13	0	0	0	0	31
of Prairie	918	176	8	0	7	0	1,109	15	2	0	0	0	0	17
of Schuyler-IL	2,304	716	58	0	14	0	3,092	-24	7	-11	0	-2	0	-30
of Illinois	16,343	2,818	277	504	98	0	20,040	114	65	-8	120	-2	0	279
Indiana														
of Indiana	2,364	421	0	0	14	0	2,799	24	106	0	0	-2	0	128
of Thorntown	2,419	354	0	108	20	0	2,901	60	12	0	52	0	-3	121
of Indiana	4,783	775	0	108	34	0	5,700	84	118	0	62	-2	-3	249
Michigan														
of Michigan	22,611	1,722	2,037	768	203	0	27,341	268	171	138	240	5	0	822
of Michigan	22,611	1,722	2,037	768	203	0	27,341	268	171	138	240	5	0	822
Minnesota														
of Minnesota	99,357	19,532	7,955	1,196	594	12	128,646	977	307	101	-99	-5	0	1,281
of Minnesota	99,357	19,532	7,955	1,196	594	12	128,646	977	307	101	-99	-5	0	1,281
Mississippi														
of Mississippi	5,721	610	27	19	55	10	6,442	130	101	1	-4	1	0	229
of Mississippi	5,721	610	27	19	55	10	6,442	130	101	1	-4	1	0	229
New York														
of Ausable Valley	5,258	965	274	68	81	1	6,647	250	18	53	0	-2	0	319
of New York	54,412	17,368	3,884	509	658	4	76,835	1,594	585	963	-87	-14	0	3,041
of Seneca Gorham	8,277	1,333	431	0	29	0	10,070	550	-3	-3	0	0	0	544
of Sylvan Lake	16,961	2,724	1,070	36	131	0	20,922	840	46	600	-13	-14	0	1,459
of New York	84,908	22,390	5,659	613	898	5	114,474	3,234	646	1,613	-100	-30	0	5,363
Pennsylvania														
of Breezewood	3,590	688	49	70	40	11	4,448	25	-13	0	-18	2	0	-4
of Canton	3,611	564	88	0	28	0	4,291	58	2	-4	0	1	0	57
of Lakewood	1,364	240	0	42	13	5	1,664	25	16	0	-3	-1	-1	36
of Oswayo River	2,022	301	0	0	14	3	2,340	16	0	0	0	0	0	16
of Pennsylvania	18,115	6,088	5,712	191	136	5	30,247	244	119	60	1	-12	-1	411
of Pennsylvania	28,702	7,881	5,849	303	231	24	42,990	368	124	56	-20	-10	-2	516
Wisconsin														
of Lakeshore	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of Mondovi	2,090	389	5	179	17	1	2,681	52	-3	0	10	0	0	59
of St. Croix	6,678	1,461	1,123	536	66	0	9,864	234	25	19	3	-4	0	277
of Viroqua	2,846	1,258	57	31	49	0	4,241	74	52	0	0	-1	0	125
of Wisconsin	19,900	2,810	3,770	1,198	167	0	27,845	439	100	-2	26	4	0	567
of Wisconsin	31,514	5,918	4,955	1,944	299	1	44,631	799	174	17	39	-1	0	1,028
Regional Telcos	377,853	84,684	36,227	7,334	3,398	83	509,579	6,848	1,970	2,032	235	-44	-5	11,036
FTR	368,509	111,202	57,617	33,629	5,437	186	576,560	2,530	256	-871	1,691	-113	-14	3,479
Telephone Operations	746,362	195,886	93,844	40,963	8,835	269	1,086,159	9,378	2,226	1,161	1,926	-157	-19	14,515

Section 2.20 of the Disclosure Schedule

Calculation Methodology

Calculation of 1999 Pro Forma Revenue

1999 Pro Forma Revenue of \$805,204,000 was calculated using actual 1999 revenue for the Frontier LEC Business as reported in conformity with GAAP as applied in the financial statements, which equaled \$729,229,000, adjusted for the following items:

- Addition of Long Distance Revenue: \$88,095,000 of long distance revenue was added in calculating 1999 Pro Forma Revenue. The \$88,095,000 represents the actual long distance revenue that was billed to customers of the Frontier LEC Business on behalf of Global Crossing Telecommunications, Inc., for whom the Frontier LEC Business was acting as agent, net of an assumed provision for uncollectible accounts of \$2,725,000, which represented 3% of the gross long distance revenue.
- Subtraction of Billing and Collection Revenue: \$6,951,000 of billing and collection revenue that was included in the actual revenue of the Frontier LEC Business was subtracted in calculating 1999 Pro Forma Revenue. The \$6,951,000 represents the actual billing and collection revenue that was billed to Global Crossing Telecommunications, Inc. by the Frontier LEC Business.
- Subtraction of Agent Commissions: \$5,169,000 of agent commission revenue that was included in the actual revenue of the LEC Business was subtracted in calculating 1999 Pro Forma Revenue. The \$5,169,000 represents the actual agent commission revenue that was charged to Global Crossing Telecommunications, Inc. by the Frontier LEC Business (except that it represents an estimate for Frontier Communications of Rochester, Inc.).

Calculation of 1999 Pro Forma EBITDA

1999 Pro Forma EBITDA of \$386,769,000 represents 1999 Pro Forma Revenue, as calculated above, less pro forma operating expenses (excluding depreciation, amortization, net interest expense, and income taxes) for the Frontier LEC Business. Pro forma operating expenses equals the actual operating expenses (excluding depreciation, amortization, net interest expense, and income taxes) of \$355,426,000, calculated in conformity with GAAP as applied in the financial statements, adjusted for the following items:

- Inclusion of wholesale long distance expenses: \$47,219,000 of wholesale long distance expenses were added to actual operating expenses in calculating 1999 Pro Forma EBITDA which has the effect of decreasing 1999 Pro Forma EBITDA. The \$47,219,000 represents actual long distance minutes of use by customers of the Frontier LEC Business through Global Crossing Telecommunications, Inc. multiplied by an assumed average cost per minute of 8.26 cents.

Inclusion of other operating expenses: \$15,790,000 of other operating expenses were added to actual operating expenses in calculating 1999 Pro Forma EBITDA which has the effect of decreasing 1999 Pro Forma EBITDA. The \$15,790,000 represents additional costs that might be incurred for marketing and product development, commercial call center operations, billing of commercial accounts, charges to Global Crossing Telecommunications, Inc. for consumer call center services that will no longer be charged to Global Crossing Telecommunications, Inc., and other miscellaneous SG&A expenses.

Annex A to Section 2.20

Dollars in Thousands	Fiscal Year Ending December 31					
	1995A	1996A	1997A	1998A	1999A	1999 PF
Financial Statistics						
Revenue						
Switched Network Access Lines	\$184,026	\$192,204	\$201,635	\$215,527	\$227,522	\$227,522
Switched Network Usage	221,943	220,309	222,632	218,075	214,612	214,612
Non-Switched Circuit Services	30,743	33,502	38,837	45,381	54,081	54,081
Public Telephone	6,634	5,764	6,563	7,325	9,050	9,050
Enhanced Services	30,333	34,533	40,087	47,261	52,698	52,698
Equipment Sales/Lease	34,984	34,753	31,852	31,803	31,896	31,896
Directory	44,799	48,357	50,465	52,913	55,505	55,505
Long Distance	NA	NA	NA	NA	NA	88,086
Operator Services	9,184	10,579	9,959	9,480	10,131	10,131
Other	59,079	63,013	65,036	74,170	73,733	61,612
Total	\$621,725	\$643,013	\$667,078	\$701,835	\$729,229	\$806,204
Expenses						
Personnel Expenses	\$143,207	\$142,375	\$131,404	\$146,429	\$146,337	\$146,337
Corporate / IT Charges	45,964	56,771	65,328	62,484	70,523	70,523
Direct Controllable	140,846	130,788	124,355	134,851	138,984	201,993
Regional Eliminations	(1,047)	(1,644)	(1,987)	(2,107)	(418)	(418)
Total	\$328,970	\$328,290	\$319,101	\$341,868	\$355,426	\$418,435
EBITDA	\$292,755	\$314,723	\$347,975	\$360,277	\$373,803	\$386,769
D&A	104,419	102,349	110,103	112,924	131,175	NA
EBIT	\$188,336	\$212,374	\$237,872	\$247,353	\$242,628	NA
Balance Sheet & Cash Flow Statistics						
Net Working Capital	\$129,199	\$144,321	\$221,615	\$253,398	\$350,596	NA
Capital Expenditures	73,766	101,342	108,782	153,901	177,952	NA
Net PP&E	646,660	639,230	646,807	696,532	968,951	NA
Total Assets	1,142,432	1,076,501	1,105,427	1,245,524	1,680,129	NA
Total Debt	167,257	169,013	141,839	138,914	135,972	NA
Shareholders Equity	710,335	704,008	802,333	892,095	1,109,288	NA
Operating Statistics						
Employees	2,860	2,638	2,485	2,740	2,914	2,914
Access Lines						
Residential	672,956	686,977	700,790	718,113	736,984	736,984
Business	276,034	296,069	308,182	327,008	334,660	334,660
Total	948,990	983,046	1,008,972	1,045,121	1,071,644	1,071,644
Revenue / Avg. Access Line per Month	\$54.60 ²	\$55.47	\$55.81	\$56.95	\$57.42	\$63.40
Access Minutes of Use ('000)	4,031,719	4,299,035	4,526,464	4,662,202	4,909,345	4,909,345
Penetration Rates per Customer						
Internet Dial-Up	NA	1.2%	3.2%	6.1%	8.5%	8.5%
Second Line	NA	NA	NA	NA	11.3%	11.3%

- 1 Pro forma for the purchase from Global Crossing of the rights to the long distance customers that were previously served on an agent basis.
- 2 1995A revenue per average access line per month based on year-end number of access lines.
- 3 Includes net inter-LEC charges and adjustments

Annex B to Section 2.20

The chart below presents charges for shared services and mutually beneficial cost allocations to the Frontier LEC Business in 1998 and 1999 including \$(8,487,000) of net inter-LEC charges and adjustments in 1998 and \$4,129,000 in 1999. Such charges are based on a cost allocation methodology developed in accordance with FCC and state regulatory guideline and consistent with past practices.

<i>(Dollars in Thousands)</i>	1998	1999
Corporate Overhead	\$7,015	\$7,547
Operating Overhead	16,237	17,523
Marketing Costs	6,163	1,985
IT Support	38,507	34,111
Other	(5,439)	9,358
Total Corporate / IT Charges	\$62,484	\$70,523

Annex C to Section 2.20

(Dollars in Thousands)	1999 PF ¹	1999 PF ¹	Access Lines
	Revenue	EBITDA ²	YE 99
ILEC			
Rochester	\$383,813	\$157,493	573,101
RLEC			
New York	102,679	51,329	109,111
Minnesota	97,382	55,543	127,365
Iowa	44,989	22,928	59,298
Wisconsin	36,009	19,734	43,603
Pennsylvania	31,777	16,889	42,474
Alabama	31,333	17,313	31,352
Georgia	25,434	16,251	27,396
Illinois	22,005	12,626	19,761
Michigan	19,664	10,480	26,519
Mississippi	5,519	3,027	6,213
Indiana	4,600	2,738	5,451
Total RLEC	421,391	228,858	498,543
Total	\$805,204	\$386,769	1,071,644

¹ Pro forma for the purchase from Global Crossing of the rights to the long distance customers that were previously served on an agent basis.

² 1999 PF EBITDA adjusted for regional eliminations.

LEC Consolidated Operations Based Build-Up

(Dollars in thousands, except per line amounts)	1995 A	1996 A	1997 A	1998 A	1999 PF
Total Revenue	\$621,725.4	\$643,013.4	\$647,076.0	\$701,835.0	\$805,203.7
Residence Access Lines	\$94,222.7	\$96,892.9	\$103,014.6	\$107,951.7	\$114,594.9
Business Access Lines	50,709.3	53,022.1	55,985.2	60,077.3	61,580.3
CALC	39,094.0	40,289.0	42,635.0	47,496.0	51,367.1
LNP Surcharge	0.0	0.0	0.0	0.0	0.0
Switched Network Access Lines	\$184,026.0	\$182,204.0	\$201,635.0	\$218,527.8	\$227,522.3
Number of Access Lines - Residence	672,956	686,977	700,790	718,113	736,984
Growth Rate (%) - Residence	--	2.1%	2.0%	2.6%	2.6%
Monthly Revenue per Line - Residence (\$)	\$11.87	\$12.00	\$12.25	\$12.53	\$12.66
Number of Access Lines - Business	276,034	296,069	306,182	327,008	334,860
Growth Rate (%) - Business	--	7.3%	4.1%	6.1%	2.3%
Monthly Revenue per Line - Business (\$)	\$16.31	\$14.82	\$15.14	\$15.31	\$15.33
Number of Access Lines - CALC	948,990	963,046	1,006,972	1,045,121	1,071,644
Monthly Revenue per Line - CALC (\$)	\$3.43	\$3.42	\$3.52	\$3.79	\$3.99
Monthly LNP Surcharge - FTR (\$)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LMS & LMU	\$32,406.0	\$33,258.0	\$31,957.0	\$31,535.0	\$31,943.3
Switched Access	156,296.0	156,326.0	162,172.0	155,166.0	156,707.3
USF Support Payment	11,018.0	12,156.0	10,858.0	16,390.0	11,858.0
Mutual Compensation (MC)	1,594.0	4,191.0	5,333.0	4,366.0	4,702.0
IntraLATA Toll (ILT)	20,631.0	14,376.0	12,312.0	10,576.0	8,401.2
Switched Network Usage	\$221,843.0	\$220,309.0	\$222,632.0	\$218,675.0	\$214,611.8
Number of Access Lines - LMS & LMU	948,990	963,046	1,006,972	1,045,121	1,071,644
Monthly Revenue per Line - LMS & LMU (\$)	\$2.85	\$2.82	\$2.64	\$2.52	\$2.46
Base LEC Minutes of Use - SASR ('000)	4,031,719	4,299,035	4,526,464	4,682,202	4,909,345
Rate per Minute - SASR (\$)	\$0.039	\$0.036	\$0.036	\$0.033	\$0.032
Growth Rate (%) - USF	--	10.3%	-10.7%	50.8%	-27.7%
Terminating Minutes of Use - MC ('000)	83,720	184,566	245,781	273,640	324,081
Rate per Minute - MC (\$)	\$0.019	\$0.023	\$0.022	\$0.016	\$0.015
Number of Access Lines - ILT	948,990	963,046	1,006,972	1,045,121	1,071,644
Monthly Revenue per Line - ILT (\$)	\$1.81	\$1.22	\$1.02	\$0.84	\$0.73
Non-Switched Circuit Services	\$30,743.0	\$33,501.6	\$38,637.0	\$45,381.0	\$54,080.7
Growth Rate (%)	--	9.0%	15.9%	16.6%	19.2%
Public Telephone	\$6,634.0	\$5,764.0	\$6,543.0	\$7,326.0	\$9,050.2
Growth Rate (%) - PTCA	--	-13.1%	13.9%	11.6%	23.6%

LEC Consolidated

Operations Based Build-Up

(Dollars in thousands, except per line amounts)		1995 A	1996 A	1997 A	1998 A	1999 PF
Calling Features (CF)		\$30,329.0	\$32,351.0	\$34,458.0	\$38,182.0	\$39,549.2
Internet - Dial up		4.0	2,182.0	5,641.0	9,079.0	13,149.0
Internet - DSL		0.0	0.0	0.0	0.0	0.0
Web Hosting		0.0	0.0	0.0	0.0	0.0
Enhanced Services		\$30,333.0	\$34,533.0	\$40,097.0	\$47,261.0	\$52,696.2
Number of Access Lines - CF	Months	948,990	983,046	1,008,972	1,045,121	1,071,644
Avg. Monthly Revenue per Line - CF (\$)	12	\$2.66	\$2.74	\$2.85	\$3.04	\$3.08
Number of Customers - Dial up		17	9,281	24,065	47,003	66,599
Penetration Rate - Dial up (%)		0.0%	0.9%	2.4%	4.5%	6.2%
Avg. Monthly Revenue - Dial up (\$)	12	\$333.3	\$181,833.3	\$470,083.3	\$756,563.3	\$1,095,752.5
Dial-Up Price @ Year End		\$19.95	\$19.63	\$19.52	\$16.10	\$16.45
Addressable Lines (% Access Lines)		0.0%	0.0%	0.0%	0.0%	0.0%
Addressable Lines - Potential Market (DSL)		0	0	0	0	0
Penetration Rate - DSL (%)		0.0%	0.0%	0.0%	0.0%	0.0%
DSL Lines (Yr. End)		0	0	0	0	0
Avg. Monthly Revenue per Line - DSL (\$)	12	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
DSL Price		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth Rate (%) - Web Hosting		--	NM	NM	NM	NM
Equipment Sales/Lease/Maintenance (ESLM)		\$34,944.0	\$34,763.0	\$31,852.0	\$31,803.0	\$31,896.3
Directory / Yellow Pages		\$44,799.0	\$48,357.0	\$50,465.0	\$52,913.0	\$55,504.8
Billing & Collection (B&C)		\$26,417.0	\$27,458.0	\$26,436.0	\$25,321.0	\$13,787.7
Long Distance		\$0.0	\$0.0	\$0.0	\$0.0	\$48,096.0
Growth Rate (%) - ESLM		--	-0.7%	-6.3%	-0.2%	0.3%
Growth Rate (%) - Directory / YP		--	7.9%	4.4%	4.9%	4.9%
Growth Rate (%) - B&C		--	3.9%	-3.7%	-4.2%	-45.5%
Directory Assistance & Other Operator Svcs. (DA&OS)		7,233.0	8,317.0	7,977.0	7,542.0	8,153.0
Third Party Contracts (TPC)		1,951.0	2,262.0	1,982.0	1,938.0	1,978.4
Operator Services		\$9,184.0	\$10,579.0	\$9,959.0	\$9,480.0	\$10,131.4
Number of Access Lines - DA&OS		948,990	983,046	1,008,972	1,045,121	1,071,644
Avg. Monthly Revenue per Line - DA&OS (\$)		\$0.64	\$0.71	\$0.66	\$0.60	\$0.63
Growth Rate (%) - TPC		--	15.9%	-12.4%	-2.2%	2.1%
Other 1		\$16,478.0	\$16,919.0	\$16,722.0	\$24,543.0	\$23,700.1
Other 2		(66.0)	3,334.0	4,029.0	4,541.0	5,145.0
Gross Revenue Surcharge (GRS)		11,305.0	9,821.0	9,864.0	9,758.0	9,621.1
Uncollectibles		(3,504.0)	(5,116.0)	(4,631.0)	(4,996.0)	(4,559.4)
Other 3		8,449.4	10,596.7	12,818.0	15,005.0	13,917.4
Total Other		\$32,662.4	\$35,554.7	\$38,600.0	\$48,849.0	\$47,824.2
Number of Access Lines - Other 1		948,990	983,046	1,008,972	1,045,121	1,071,644
Avg. Monthly Revenue per Line (\$) - Other 1		\$1.45	\$1.43	\$1.38	\$1.96	\$1.84
Growth Rate (%) - Other 2		--	--	20.8%	12.7%	13.3%
GRS (% Revenues)		1.9%	1.6%	1.5%	1.5%	1.4%
Uncollectibles (% Revenues)		-0.6%	-0.6%	-0.7%	-0.6%	-0.7%
Growth Rate (%) - Other 3		--	25.4%	20.9%	17.1%	-7.2%
Total Revenue		\$621,725.4	\$643,013.4	\$667,078.0	\$701,935.0	\$695,203.7

Page 3 of Annex D to Section 2.20

LEC Consolidated

Operations Based Build-Up

(Dollars in thousands, except per line amounts)	1995 A	1996 A	1997 A	1998 A	1999 PF
Salary	\$108,824.4	\$109,282.8	\$103,866.1	\$116,446.4	\$113,234.4
Benefits	31,473.8	32,980.2	26,296.0	22,917.3	26,231.0
Bonus	2,909.2	111.7	1,241.9	7,065.5	6,872.0
Personnel Expenses	\$143,207.2	\$142,374.8	\$131,404.1	\$146,429.2	\$146,337.4
Number of Base LEC Employees	2,860	2,638	2,485	2,740	2,914
Avg. Rate / Employee - Salary (\$'000)	\$38.05	\$41.43	\$41.80	\$42.50	\$38.66
Benefits (% Salary)	28.9%	30.2%	25.3%	19.7%	23.2%
Bonus (% Salary)	2.7%	0.1%	1.2%	6.1%	6.1%
Corporate / IT / InterTelco Charge (CIT)	\$45,964.1	\$56,771.1	\$65,328.1	\$62,483.7	\$70,523.0
Growth Rate (%) - CIT	--	23.5%	15.1%	-4.4%	12.9%
Directory / Yellow Pages	\$21,025.0	\$23,005.8	\$24,613.3	\$25,064.2	\$27,559.9
Mutual Compensation (MC)	1,945.8	3,552.3	7,714.0	6,304.4	10,213.7
Rent & Utilities (RU)	9,452.9	10,013.8	10,319.3	10,455.0	12,816.5
Equipment & Materials (E&M)	14,741.9	16,005.3	9,302.1	14,416.9	18,786.7
Voice & Data Com. (VDC)	3,680.9	5,153.9	5,021.7	7,871.9	12,266.4
Marketing & Advertising (Mkt&Ad)	3,166.2	3,758.6	3,943.1	950.0	4,218.9
Long Distance	0.0	0.0	0.0	0.0	63,009.0
Property Taxes (PTx)	15,834.8	15,878.4	16,070.3	16,448.0	16,801.4
Revenue Taxes (RTx)	20,265.1	18,899.8	18,210.1	19,294.3	19,548.0
Other	49,686.9	33,077.8	27,174.7	29,940.0	16,551.8
Direct Controllable Expenses (DCE)	\$139,799.1	\$129,144.2	\$122,368.8	\$132,744.6	\$201,574.2
Directory / YP (% Revenue)	46.9%	47.6%	48.6%	47.4%	49.7%
Originating Minutes of Use - MC ('000)	37,558	172,314	454,003	729,577	1,250,621
Rate per Minute - MC (\$)	\$0.05	\$0.02	\$0.02	\$0.01	\$0.01
Growth Rate (%) - RU	--	5.9%	3.1%	1.3%	20.7%
Growth Rate (%) - E&M	--	22.1%	-48.3%	55.0%	30.3%
Growth Rate (%) - VDC	--	40.0%	-2.6%	56.8%	55.8%
Growth Rate (%) - Mkt&Ad	--	18.7%	4.9%	-75.9%	344.1%
Growth Rate (%) - Property Taxes	--	-1.0%	2.5%	2.3%	2.1%
Revenue Taxes (% Revenue)	3.3%	2.6%	2.7%	2.7%	2.4%
Growth Rate (%) - Other	--	-33.4%	-17.6%	10.2%	-44.7%
Total Expenses	\$328,970.5	\$328,290.0	\$319,100.8	\$341,657.5	\$418,434.7
EBITDA	\$292,755.0	\$314,723.4	\$347,976.2	\$360,277.5	\$386,769.0
Depreciation	104,419.2	102,349.0	110,103.3	112,924.1	131,175.0
Depreciation (% PP&E)	16.1%	16.0%	17.0%	16.2%	13.5%
EBIT	\$188,335.8	\$212,374.3	\$237,871.9	\$247,353.4	\$255,593.9
Capital Expenditures	73,768.2	101,341.5	108,781.8	153,901.2	177,952.0
Number of Access Lines	948,990	983,046	1,006,972	1,045,121	1,071,644
Monthly CapEx per Line (\$)	\$6.48	\$8.59	\$8.98	\$12.27	\$13.84

Section 4.1

Conduct of the Business Prior to Closing - Access

- (a) See Schedules to Sections 2.4; 2.5; 2.8; 2.19

The Frontier LECs note that certain services disclosed in Schedule 2.19 that Frontier LECs provide to current affiliates may be required to be offered to similarly-situated non-affiliates on the same terms and conditions.

Prior to the Closing, Sellers may elect to pay or to net out intercompany debt.

A Company Subsidiary has entertained an offer to sell a parcel of its excess real estate. The market value of the parcel is believed to be less than \$1,000 and the parcel is not of a sufficient size for the Company Subsidiary to use in any of its business operations. Prior to the Closing Date, Frontier Communications of the South, Inc. may accept a purchase offer and sell this parcel of nominal value.

Section 4.9

Use of Global Crossing and Frontier Names

Buyer will assume the contract for the naming rights to Frontier Field.

Sellers will retain the internet domain name frontiercorp.com, frontiernet.net and related names.

Section 8.5 Collective Bargaining Agreements

See Schedule to Section 2.15.